



Transportation Services Branch
Transportation and Marketing Programs
Agricultural Marketing Service
U.S. Department of Agriculture

Transportation Indicators for the Agricultural Containerized Shipping Industry

Third Quarter 2005

(July-September)

Issued December 2005

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Indicator Agricultural Products U.S. to Asia	Current	% change	
		Last quarter	Last year
Rates - 3rd Quarter 2005			
Refrigerated shipments ¹	\$3,938	7%	7%
Dry shipments ²	\$1,536	8%	22%
Surcharges			
Bunker (fuel) Adjustment Factor ¹	\$410	57%	83%
Currency Adjustment Factor ³	51	(4%)	4%
Volume - July 2005			
Outbound shipments ⁴	108 ⁵	17% ⁵	31% ⁵
Capacity - 2nd Quarter 2005, all products			
Container slots available ⁴	1,672	3%	4%
Container slots used ⁴	1,051	<1%	9%
% of container slots used	63%	(2%)	5.6%

¹per 40-foot container ²per 20-foot container ³for shipments to Japan only ⁴thousand 20-foot containers

⁵monthly data presented, not quarterly

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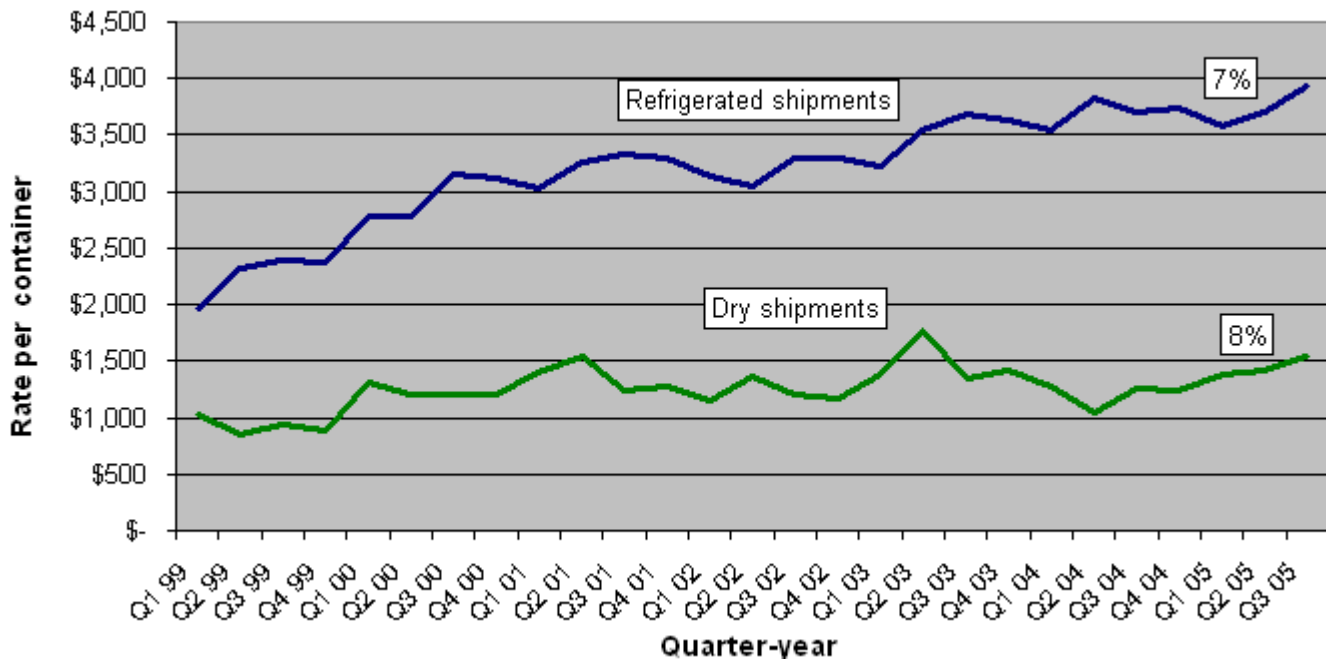
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Agricultural Container Indicators

[Back to AgCI Homepage](#)

Container Rates: Agricultural Shipments

Refrigerated and Dry Commodities, U.S. to Asia



*Refrigerated rates are for 40-foot containers. Dry rates are for 20-foot containers.

The indicators above are indexes based on a group of tariff rates for commodities tracked quarterly in the *Ocean Rate Bulletin*. Rates are weighted by market share for each shipping line, trade lane, and commodity. The refrigerated rate index includes: poultry, lettuce, frozen potatoes, grapes, apples, and oranges. The dry rate index includes: almonds, animal feed, pistachios, raisins, soybeans, and lentils. Rates include all surcharges and are calculated on a typical shipment for each commodity. See the list of [Asian countries](#) used in determining the refrigerated and dry rates.

Source: Ocean Rate Bulletin, USDA/AMS, <http://www.ams.usda.gov/tmd/ocean/index.asp>, 1999-2005

Third Quarter Tariff Rates Are Up. During quarter 3, 2005, export rates for refrigerated and dry commodities to Asia increased 7 and 8 percent respectively. Rates for dry agricultural commodities such as animal feed increased 24 percent while rates for raisin shipments increased 63 percent compared with quarter 2, 2005. Refrigerated tariff rates for exports such as apples and frozen poultry were up 22 percent compared with the previous quarter.

Intermodal Rate Increase Recommended For Cotton Exports. Member carriers of the Westbound Transpacific Stabilization Agreement (WTSA) have recommended a \$150 per 40-foot container intermodal service rate increase for cotton exports to Asia. According to the WTSA, the rate increase will help to meet service demands as cotton exports to Asia, particularly China, are expected to increase from December through February. This rate increase will help to guarantee adequate truck capacity and container and chasis availability. The WTSA is a discussion group of major ocean carrier shipping lines operating in the U.S. to Asia trade lanes, which meet to discuss market situations, rates and service availability.

So what? (follow this link to expand)

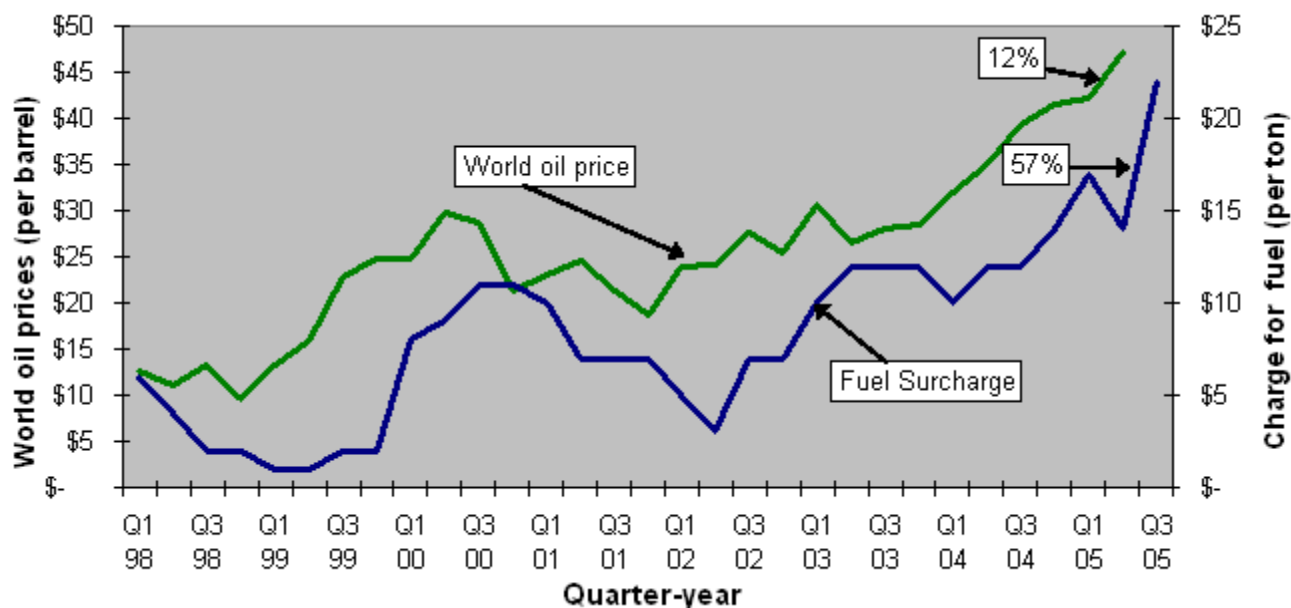
What is a container rate? (follow this link to expand)

Agricultural Container Indicators

[Back to AgCI Homepage](#)

Surcharges: Bunker Adjustment Factor A Special Charge for Fuel

Bunker Adjustment Factor Surcharge, Compared with World Oil Prices



Sources: World oil prices: http://tonto.eia.doe.gov/oog/info/twip/twip_crude.html

Bunker Adjustment Factor: Ocean Rate Bulletin, USDA, <http://www.ams.usda.gov/tmd/ocean/index.asp>

Bunker Adjustment Factor (BAF) Surcharges Reach An All Time High.

In response to increasing World oil prices, BAF surcharges rose to a record high during quarter 3, 2005. The current surcharge of \$22 per metric ton is the highest BAF surcharge recorded by USDA's [Ocean Rate Bulletin](#). The BAF surcharge increased 83 percent from the same quarter last year. Before the current surcharge of \$410 per 40-foot container, the highest BAF surcharge occurred in quarter 1, 2005, when it reached \$320 per 40-foot container. Recommendations from the Westbound Transpacific Stabilization Agreement and publicly filed tariffs show an increase in the BAF surcharge from \$22 to \$24 per metric ton, or \$455 per 40-foot container, for the remainder of the year. This increase in fuel surcharge will raise the cost of shipping a 40-foot container of hay, for example, by 32 percent.

Bunker Adjustment Factor		
Rate	Quarter 3	Quarter 4
Per 40-foot container	\$410	\$455
Per 20-foot container	\$328	\$364
Per ton	\$22	\$24

World crude oil prices averaged \$65 per barrel in August, about \$11 per barrel higher than the month of July. Quarter 3, 2005 world oil prices are 12 percent higher when compared to the previous quarter. Crude oil prices are expected to remain around \$70 per barrel for the rest of 2005 and 2006, as the United States' oil industry recovers from Hurricanes Katrina and Rita ([Short-Term Energy Outlook](#), September 2005, Energy Information Administration, Department of Energy).

So what? (follow this link to expand)

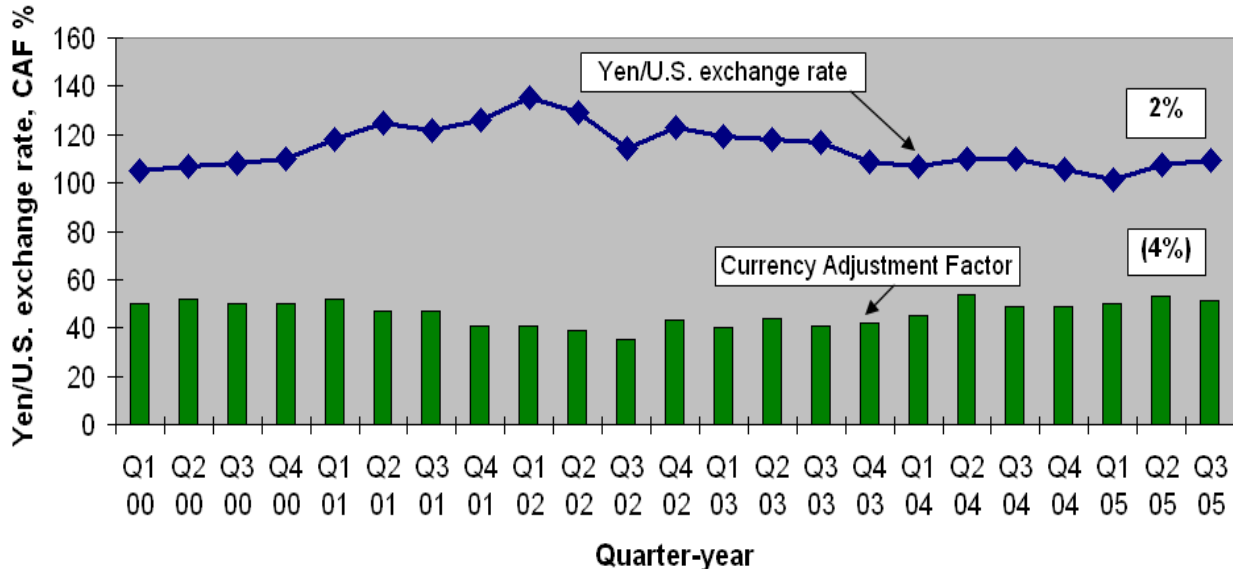
What is the BAF? (follow this link to expand)

Agricultural Container Indicators

[Back to AgCI Homepage](#)

Surcharges: Currency Adjustment Factor (Japan)

Comparison of the Yen/Dollar Exchange Rate with the Currency Adjustment Factor (CAF) for Shipments to Japan



Sources: Federal Reserve Statistical Release, Foreign Exchange Rates, Historical Data <http://www.federalreserve.gov/releases/H10/hist/>; Ocean Rate Bulletin, AMS, 2000- Quarter 3, 2005

Currency Adjustment Factor (CAF) Surcharges Decrease in Third Quarter 2005. During the third quarter of 2005, carriers used a CAF surcharge of 51 percent for shipments to Japan as recommended by the Westbound Transpacific Stabilization Agreement (WTSA). This surcharge reflects a 4 percent decrease compared to second quarter 2005. Since the beginning of 2005, CAF surcharges have averaged 51 percent for shipments to Japan. This average surcharge reflects a moderate appreciation of the value of the dollar against the yen so far in 2005. Despite a modest turnaround and dollar appreciation in early 2005, the U.S. dollar is likely to depreciate for the remainder of 2005 (ERS, [Outlook for U.S. Agricultural Trade](#)).

The WTSA has recommended a CAF surcharge of 50 percent for shipments to Japan during fourth quarter 2005. This decrease in CAF surcharges provides a slight relief for shippers experiencing significant increases in other shipping surcharges during 2005. The WTSA has also recommended a decrease of 1 percentage point for CAF surcharges for Taiwan and Singapore (see Currency Adjustment Factor table). The WTSA is a discussion group of major ocean carrier shipping lines operating in the U.S. to Asia trade lane. Member carriers discuss market situations, rates, and service availability.

Currency Adjustment Factor		
Country	Quarter 3	Quarter 4
Japan	51%	50%
Singapore	10%	9%
Taiwan	6%	5%

So what? (follow this link to expand)

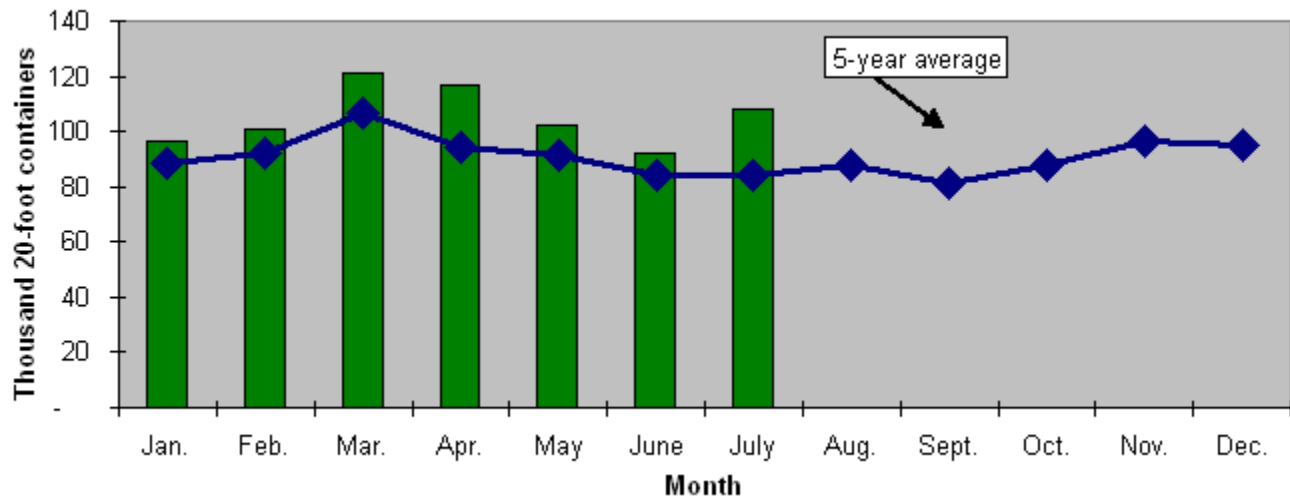
What is the CAF? (follow this link to expand)

Agricultural Container Indicators

[Back to AgCI Homepage](#)

Outbound Volume: Agricultural Shipments

Containerized Agricultural Products, U.S. to Asia



Source: Port Import Export Reporting Service (PIERS), Journal of Commerce, New York, 2005
See a list of [Asian countries](#) used to calculate the volume numbers above.

Strong Month for Agricultural Exports. The months of June and July typically represent a slow season for containerized agricultural exports. However, during July containerized agricultural exports increased 17 percent above the previous month and 31 percent above July 2004. Compared to the 5-year average, agricultural exports increased 28 percent. Commodities contributing to this increase included cotton, which increased 124 percent over the same time last year, and soybeans, which increased 75 percent over July 2004. The volume of cotton shipped to Hong Kong and Vietnam increased approximately 50 percent over July 2004. China remains the top importer of U.S. cotton with July volumes more than 700 percent higher than July 2004.

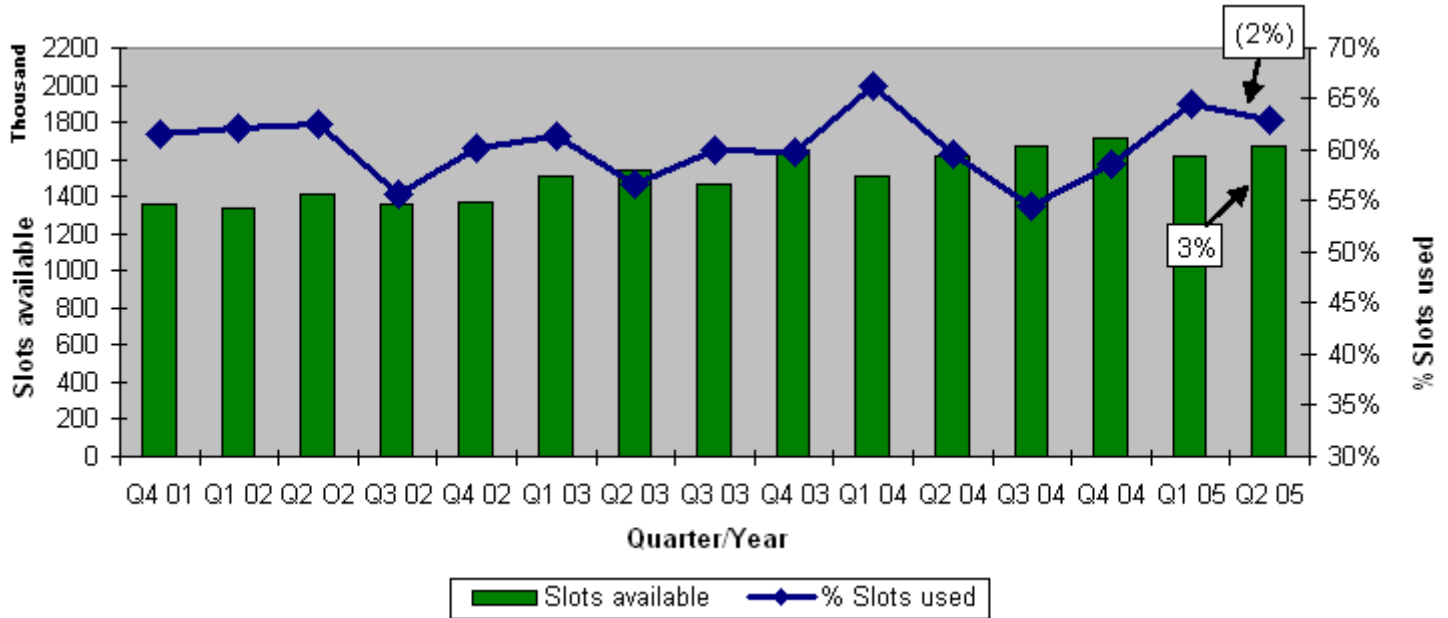
So what? (follow this link to expand)

Agricultural Container Indicators

[Back to AgCI Homepage](#)

Capacity and Utilization

Outbound Container Slots Available vs. Slots Used, U.S. to Asia



Source: On Board Review, PIERS, New York, 2001-Quarter 2, 2005

Container Slots Increase Slightly. The number of container slots made available by shipping lines during quarter 2, 2005 increased 3 percent while the percentage of slots used decreased 2 percent. This decrease in slots used is likely in response to the increase in the slots made available by larger capacity vessels as well as the normal slow export season for containerized products ([see Volume Section](#)). Carriers have begun to upgrade their fleets in response to increasing cargo volumes in the Tran-Pacific trade. These new “megaships”, which can hold over 8,000 20-foot containers, are calling at larger, deep-water ports such as Los Angeles and Long Beach resulting in an increase in container movements. Despite this increase in container movements, the number of vessels calling at the ports has decreased as carriers utilize ports on the East Coast and the Pacific Northwest.

So what? ([follow this link to expand](#))

Agricultural Container Indicators

[Back to Homepage](#)

Sources and Related Information

Sources

Rates and surcharges reported in the AgCI are taken from the [Ocean Rate Bulletin](#) (ORB).

The ORB offers a side-by-side comparison of rates for high-valued containerized agricultural commodities using actual shipping line market share.

- Exchange rates compiled by the [Federal Reserve](#)
- Fuel price data compiled by the [Energy Information Administration of the Department of Energy](#)
- Surcharge information provided by the Westbound Transpacific Stabilization Agreement Web site at www.wtsacarriers.org/charges.html

Volume data reported in the AgCI are taken from the Port Import Export Reporting Service (PIERS), a product of the *Journal of Commerce*.

Trade Data:

- Department of Commerce, U.S. Census Bureau
- USDA Foreign Agricultural Service and Economic Research Service

Capacity and utilization data used in the AgCI are sourced from the *On Board Review*, a product of PIERS and the *Journal of Commerce*.

Additional Resources:

[Agricultural Ocean Transportation Trends](#) (semiannual publication)

[Identity Preserved Grain, A Logistical Overview](#) (.pdf)

[Federal Maritime Commission](#)

[Energy Information Administration, Department of Energy](#)



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